

Message Text

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ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 INRE-00 SSO-00 NSCE-00 USIE-00

PA-04 PRS-01 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-03

COME-00 DODE-00 EB-11 FEAE-00 FPC-01 H-03 INR-11

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-03 SIL-01 LAB-06

SAJ-01 EURE-00 DRC-01 /181 W
----- 002752

O R 261649Z JUL 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 2533

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 09545

E.O. 11652: XGDS-1

TAGS: ENRG, EEC, UK

SUBJECT: THE UK POSITION ON A COMMON EC ENERGY POLICY

REF: A) LONDON 9486; B) BRUSSELS 5615

BEGIN SUMMARY: THE UK REGARDS THE RESULTS OF THE JULY 23

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COUNCIL MORE AS AN UNFORTUNATE ACCIDENT THAN THE LOGICAL

DENOUEMENT OF BRITISH POLICY. THERE IS NOTHING IN THE UK'S APPROACH TO A COMMON EC ENERGY POLICY OR TO EC RENEGOTIATION THAT PRECLUDES ACCEPTANCE (WITH SOME MINOR MODIFICATIONS) OF THE KIND OF GENERAL STATEMENT OF PRINCIPLES PROPOSED BY THE COMMISSION. WE DO NOT BELIEVE THAT A U.S. DEMARCHE TO THE BRITISH BEFORE THE JULY 29-30 ECG MEETING AS SUGGESTED BY DAVIGNON (REF B) IS EITHER NECESSARY OR APPROPRIATE. END SUMMARY.

1. JUDGING FROM OUR CONVERSATIONS WITH FCO OFFICIALS, WE BELIEVE THAT DAVIGNON IS BEING OVERLY ALARMIST ABOUT THE RESULTS OF THE EC COUNCIL'S JULY 23 DISCUSSION OF ENERGY POLICY. THE BRITISH DID NOT GO INTO THIS MEETING INTENDING TO BLOCK AGREEMENT ON A STATEMENT OF GENERAL PRINCIPLES. THEY ARE IN FAVOR OF MOVING AHEAD WITH A COMMON EC ENERGY POLICY, AND, AS INDICATED IN REF B, THEY CAN ACCEPT MOST OF WHAT THE COMMISSION PROPOSED. THEY HAVE PROBLEMS WITH SOME OF THE SPECIFIC LANGUAGE IN THE COMMISSION'S DRAFT, BUT THESE ARE RELATIVELY MINOR, ACCORDING TO FCO OFFICIALS.

2. FURTHERMORE, THERE IS NO REASON WHY THE UK'S OVERALL EC RENEGOTIATION STRATEGY SHOULD PREVENT IT FROM ACCEPTING THE KIND OF PAPER PROPOSED BY THE COMMISSION. RENEGOTIATION COVERS CERTAIN SPECIFIC AREAS (FOR EXAMPLE, THE EC BUDGET, THE CAP). THE FOREIGN SECRETARY HAS MADE IT CLEAR THAT HE DOES NOT WANT RENEGOTIATION TO DISRUPT THE OTHER ACTIVITIES OF THE COMMUNITY. THIS OVERALL STRATEGY STILL STANDS. IT WAS NOT CHANGED PRIOR TO THE JULY 23 COUNCIL. IN FACT, THE FCO CONSIDERS THAT THE RESULTS OF THE COUNCIL COULD BE A SETBACK TO RENEGOTIATION, BY MAKING OTHER MEMBER STATES LESS FAVORABLY DISPOSED TO BRITAIN'S CASE.

3. THE BRIEFING MATERIAL PREPARED WITHIN HMG FOR THE JULY 23 MEETING PROVIDED PLENTY OF ROOM FOR COMPROMISE ON THE LANGUAGE OF THE COMMISSION'S PROPOSED DRAFT. TRADE MINISTER PETER SHORE CHOSE NOT TO USE THIS LATITUDE, HOWEVER, AND HE PLAYED HIS HAND IN A WAY THAT BLOCKED AGREEMENT. THE RESULTS OF THE MEETING MAY HAVE SUITED
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SHORE'S OWN ANTI-MARKET PURPOSES, BUT THEY WERE NOT CONSISTENT WITH ESTABLISHED BRITISH POLICY. OUR FCO SOURCES CONSIDER THAT THE RESULTS COULD WELL HAVE BEEN

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FM AMEMBASSY LONDON

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INFO AMEMBASSY BONN

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USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L SECTION 02 OF 02 LONDON 09545

DIFFERENT IF FOREIGN SECRETARY CALLAGHAN OR ROY HATTERS-
LEY HAD BEEN IN THE CHAIR.

4. THE BRITISH WILL NOW TRY TO PICK UP THE PIECES OF THE
CROCKERY THEY BROKE IN BRUSSELS. THE FCO WANTS THE EC
PERMREPS TO RESUME DISCUSSION OF THE DRAFT STATEMENT OF
PRINCIPLES RIGHT AFTER THE SUMMER BREAK IN THE HOPE THAT
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AGREEMENT CAN BE REACHED AT THE SEPTEMBER COUNCIL. MEAN-
WHILE, THEY ACKNOWLEDGE THAT THEIR ACTION HAS COMPLICATED
THE TASK OF REACHING AGREEMENT ON THE IEP. THEY BELIEVE
THAT THE FRENCH ARE TRYING TO MAKE THEIR ASSOCIATION WITH
THE IEP CONDITIONAL ON HAVING THE COMMUNITY SPEAK WITH A
MORE UNIFIED VOICE ON ENERGY QUESTIONS. PRIOR TO THE
JULY 23 COUNCIL, THE OTHER MEMBER STATES WERE RESISTING
THIS FRENCH PLOY. THE BRITISH ACTION MAY HAVE MADE IT
MORE DIFFICULT FOR THEM TO DO SO.

COMMENT: IN VIEW OF THE FACT THAT THE FCO CONSIDERS THE
JULY 23 COUNCIL TO BE MORE OF AN UNFORTUNATE ACCIDENT THAN
THE LOGICAL DENOUEMENT OF BRITISH POLICY, WE DO NOT
BELIEVE THAT A U.S. DEMARCHE BEFORE THE JULY 29-30 ECG
MEETING IS NECESSARY OR APPROPRIATE. THE UK'S APPROACH
TO MOVING AHEAD WITH THE ESTABLISHMENT OF THE IEP
CONTINUES TO BE BROADLY CONSISTENT WITH OUR OWN.

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